

[By Peter Hirschfeld, Barre Montpelier Times Argus](#)

Congress on Thursday extended tax incentives for first-time homebuyers that some realtors and lenders in Vermont say have energized a sluggish real estate market.

The \$8,000 tax credit, initially slated to expire at the end of November, has been extended until April in a bill given final approval by the House Thursday. Rep. Peter Welch said the provision, one of two tax breaks totaling an estimated \$21 billion in the legislation, reflects a renewed focus in Washington on middle-class citizens suffering from the recession.

"Congress is starting to focus on Main Street rather than Wall Street, and that time is overdue," Welch said. "When you've got homebuilders looking for work and young people trying to get housing, this is part of the stimulus that affects Main Street."

Some Vermont lenders credit the tax incentives with buoying sales in what had been a relatively stagnant housing market. Chuck Karparis with the Vermont State Employees Credit Union says his office is handling about a half-dozen transactions that likely wouldn't have materialized without the federal credits.

"It's created an opportunity for some first-time homebuyers to come in with some cash and know they'll have cash at the end of the year to offset the 20-percent down that they have to come up with," Karparis said.

According to the Internal Revenue Service, about 2,000 homebuyers in the state had taken advantage of the tax credit as of mid-September. Lori Pinard, president of the Vermont Realtors Association, said federal intervention in a recession-hit housing market has helped slow downward sales trends. Even with the tax credits, Vermont is on pace in 2009 to have the fewest house transaction in more than a decade, according to data collected by the Vermont Tax Department.

"Some of the closings I've had this summer have been saved by the promise of the tax-credit money," Pinard said.

Pinard said lenders, attorneys and home inspectors have seen their schedules fill up quickly as buyers sought to wrap up closings before the tax credit was scheduled to expire Nov. 30.

"An \$8,000 tax credit is a pretty big deal to ignore," she said. "And there's so much inventory to choose from right now, why wouldn't you take the plunge?"

Others, however, are less enthusiastic. Mark Erickson, sales manager for KeyBank, said he's glad to see Congress extend the homebuyer credit.

"Anything to stimulate the housing market I think is a good thing," Erickson said.

But he isn't convinced the program – credited by some federal economists for more than 350,000 home purchases nationwide – is actually creating new business.

"I can't say that it has had a positive effect on the market," he said. "I think a lot of the folks who have purchased and taken advantage of this program would have done so anyway."

Erickson said if first-time home buyers are having any effect on local markets, then it's only in the lower price tiers. The bulk of purchases, according to Pinard and other industry experts, has been \$250,000 and below.

"I've been waiting to see that activity in first-time homebuyer market translate to more activity in the second and third levels – the move-up homes – and it really hasn't materialized," he said. "And I can't say I have confidence that it will."

The bill passed Thursday expands the homebuyer tax credits to include move-up homes as well: existing homeowners can qualify for a \$6,500 credit if they've lived in their homes for five consecutive years.

Tayt Brooks, commissioner of the Department of Economic, Housing and Community Development, says the extension and expansion can only help Vermont markets.

"We saw probably one of most difficult times for builders in Vermont and also for realtors, and the current program has been beneficial," Brooks said. "It has sparked demand again, and from all the input I've received, it has been very positive."